

Message Text

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PAGE 01 SEOUL 07668 240526Z

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ACTION EB-07

INFO OCT-01 EA-09 ISO-00 STR-04 AGR-10 AGRE-00 SSO-00

COME-00 SP-02 TRSE-00 OMB-01 CIAE-00 INR-07 NSAE-00

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FM AMEMBASSY SEOUL

TO SECSTATE WASHDC IMMEDIATE 9666

INFO AMEMBASSY TAIPEI IMMEDIATE

AMEMBASSY TOKYO IMMEDIATE

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PASS AGRICULTURE/FAS SINDELAR AND AMB. YEUTTER'S
PARTY IMMEDIATE

E.O. 11652: N/A

TAGS: ETRD, KS

SUBJ: KOREAN MUSHROOM SITUATION

SUMMARY. THIS MESSAGE ATTEMPTS TO PROVIDE REPLIES TO
QUESTIONS RAISED BY STATE AND AGRICULTURE IN CONNECTION WITH
THE PRESIDENT'S DECISION TO REOPEN THE MUSHROOM IMPORT
RELIEF CASE AND TO DESPATCH AMBASSADOR CLAYTON K. YEUTTER
ON A FACT FINDING CONSULTATION MISSION TO KOREA. END SUMMARY.

1. ACCORDING TO INFORMATION FROM THE KOREA CANNED GOODS
EXPORT ASSOCIATION, THE MUSHROOM CROP IS HARVESTED TWICE
EACH YEAR, AT WHICH TIME THAT PRODUCT IS CANNED OR OTHERWISE
PREPARED FOR EXPORT. THE SPRING CROP IS HARVESTED
FROM THE END OF MARCH INTO MAY BY WHICH TIME EXPORT
SHIPMENTS HAVE BEGUN. THE AUTUMN CROP IS HARVESTED IN
SEPTEMBER AND OCTOBER WITH EXPORT SHIPMENT BEGINNING IN
THE LATTER MONTH. EXPORTS TO THE UNITED STATES, THEREFORE

MAY BE EXPECTED TO FOLLOW HARVEST TIMING. FREIGHT RATES
TO U.S. WEST COAST PORTS WERE READJUSTED JANUARY 1, 1976
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PAGE 02 SEOUL 07668 240526Z

TO A METRIC UNIT OF ONE CUBIC METER FROM A TRADITIONAL

UNIT OF 40 CUBIC FEET, AND IN THE PROCESS, INCREASED MODERATELY TO \$55.52 PER CUBIC METER. ON APRIL FIRST THEY WERE INCREASED BY TEN PERCENT TO \$64 PER CUBIC METER TO THE U.S. WEST COAST PLUS ABOUT TEN PERCENT FOR EAST COAST PORT DELIVERY. ANOTHER TEN PERCENT INCREASE WAS ANTICIPATED FOR JULY 1, BUT THAT INCREASE WAS SELECTIVELY APPLIED AND DID NOT REPEAT NOT AFFECT CANNED GOODS RATES WHICH REMAIN AT \$64 PER CUBIC METER. ALL EXPORTS TO THE U.S. ARE ON LETTER OF CREDIT BASIS.

2. THERE IS NO REPEAT NO EXPORT QUOTA SYSTEM IN KOREA, BUT QUALITY CONTROL AND MINIMUM EXPORT PRICES (CHECK PRICES) ARE ENFORCED. SINCE MARCH 1, 1976 THE CHECK PRICES HAVE BEEN AS FOLLOWS:

BUTTON WHOLE SLICED P & S

6/68-OZ	AMERICA	22.85	21.60	23.75	20.25
	EEC	20.60	20.35	21.45	18.60

24/16-OZ	AMERICA	22.50	21.10	23.10	19.40
	EEC	20.30	19.05	20.75	17.75

24/8-OZ	AMERICA	11.35	10.95	11.80	9.75
	EEC	10.30	9.90	10.60	8.55

24/5.5-OZ	AMERICA	8.10	7.80	8.35	7.20
	EEC	7.35	7.00	7.60	6.40

24/4-OZ	AMERICA	6.25	5.85	6.40	5.35
	EEC	5.63	5.60	5.75	4.80

3. PRESENT KOREAN INVENTORY IS ABOUT ONE MILLION POUNDS OF CANNED MUSHROOMS. THE KCGEA ESTIMATES THAT ABOUT ONE THOUSAND FIFTY THREE CARTONS IN TERMS OF STANDARD CARTONS OF 24/16 OZ. CANS ARE EN ROUTE TO THE U.S. BUT NO OTHER EXPORTS WILL FOLLOW UNTIL THE FALL HARVEST IS PROCESSED.

4. THE FALL CROP AREA TARGET IS THE SAME AS THAT FOR THE UNCLASSIFIED

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PAGE 03 SEOUL 07668 240526Z

SPRING
CROP, VIZ: 357,355 PYONG, (100 HECTARES), HOWEVER, THE ACTUAL SPRING CROPPING WAS 337,187 PYONG WITH AN AVERAGE YIELD OF 45 KG OF FRESH MUSHROOMS PER PYONG FOR A TOTAL OF 16,081 METRIC TONS WHICH, IF CANNED, WOULD PRODUCE 846,000 CARTONS (20,300,000 POUNDS) FOR SHIPMENT BETWEEN OCTOBER 1976 AND MARCH 1977. U.S. DEMAND IN 1976 IS ROUGHLY 60PCT OF KOREAN CANNED MUSHROOM EXPORTS.

4. KOREA REPRESENTATIVES ARE UNAWARE OF SELLING PRICES IN THE U.S. BUT BELIEVE THAT 1975 BOTULISM SCARES RE CANNED MUSHROOMS HAVE AUGMENTED DEMAND FOR FRESH MUSHROOMS WHICH HAS BURGEONED TO THE POINT WHERE PENNSYLVANIA AREA PRODUCERS, WHICH THE ITC REPORT DESCRIBES AS "INTERCHANGEABLE" FRESH MUSHROOM SELLERS OF CANNERS, MAY BE FINDING ADVANTAGE IN SELLING FRESH MUSHROOMS RATHER THAN CANNING THEM. AVERAGE F.O.B. PRICES FOR 24/16 OZ CAN CARTONS HAVE BEEN:

1975	JAN	FEB	MAR	APR	MAY	JUNE	JUL
	15.76	15.88	16.11	15.64	15.89	15.85	15.90

AUG	SEP	OCT	NOV	DEC
15.40	15.82	15.41	15.78	15.85

1976	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG
	17.30	17.45	19.23	19.84	20.43	21.13	22.61	23.88

5. EMBASSY COMMENT: UPON REFLECTION, EXPORTS TO U.S. IN JUNE AND JULY WERE STRONGLY AFFECTED BY CYCLICAL FACTORS. BECAUSE THE TRADE IS BASED ON LETTERS OF CREDIT WITH RISING PRICES NO REPEAT NO INTERNATIONAL FLOODING CAN BE ATTRIBUTED TO KOREAN EXPORTERS.
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